



March 28, 2006

Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Ave., NW
Washington, DC 20551
RE: Docket No. OP-1248

RE: Proposed Guidance on Concentrations in Commercial Real Estate
Lending, Sound Risk Management Practices.

Dear Ms. Johnson:

First National Bank in Staunton is a \$350 million bank with 10 locations in Southwestern Illinois. Like many Community Banks, commercial loans are becoming a larger part of our lending activity. This is partly because of the increased competition on the retail side (Consumer Loans, Residential Real Estate Loans) of lending from nontraditional lenders (Credit Unions, Mortgage Brokers, Insurance Companies, etc.), and also because as Community Bankers we are the primary source of loans to small businesses within our market area.

We appreciate this opportunity to comment on the federal regulatory agencies' proposed interagency guidance regarding concentrations in commercial real estate lending ("the proposed CRE Guidance"). We urge the agencies to reconsider the need for the proposed CRE Guidance, with particular focus on whether the proposed CRE Guidance is an overly broad "one size fits all" imposition that will unnecessarily impact financial institutions that do not share the same commercial real estate lending risk factors as other financial institutions.

If specific financial institutions have engaged, or are engaging, in lending practices that the agencies believe is inconsistent with safe and sound banking practices, the agencies have the ability to address such practices or deficiencies through regulatory tools that are already available. It concerns us that the agencies might react to a problem that "some" financial institutions are experiencing by imposing new standards or new

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BETHALTO 704 Texas Blvd. Bethalto, IL 62010 618-377-9146	HOLIDAY SHORES 7301 St. James Dr. Edwardsville, IL 62025 618-656-5015	TROY 304 Bargraves Blvd. Troy, IL 62294 618-667-9800	HAMEL 105 East State St. Hamel, IL 62046 618-633-2265	MARYVILLE 2110 North Center St. Maryville, IL 62062 618-346-3600

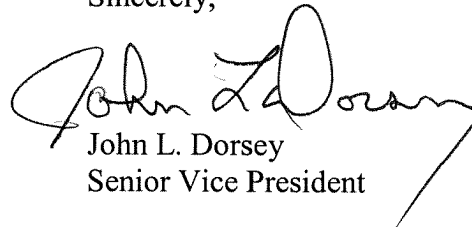
regulatory burdens on all financial institutions. Not all banks, not all communities, and not all geographic sectors of the United States experience the same level of risk and “cyclical” peril with respect to commercial real estate loan portfolios. Imposing new standards, with the corresponding costs and diversion of resources, on financial institutions that have historically managed their commercial real estate lending practices in a safe and sound manner with insignificant levels of loan losses is neither necessary nor in the interests of Banks and the communities we serve.

More regulations are not the answer. As Community Banks we are already spending too much time and resources on regulatory burden.

We believe the proposed CRE Guidance is flawed because it would unnecessarily limit commercial lending opportunities for banks that are not in high risk markets, it would impose new procedures and require the use of personnel resources to administer certain commercial lending activities without a demonstrated need. It would require us to raise additional capital to support lending practices that we have historically managed in a safe and sound manner at existing capital levels.

Thank you for your consideration of these comments.

Sincerely,



John L. Dorsey
Senior Vice President

Jld:rdl